



House of Representatives

General Assembly

File No. 297

January Session, 2003

Substitute House Bill No. 5515

House of Representatives, April 10, 2003

The Committee on Judiciary reported through REP. LAWLOR of the 99th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE TERMINATION OF SMALL TRUSTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 45a-484 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2003*):

4 (a) Except as otherwise provided by the trust or section 45a-520 with
5 respect to charitable trusts, a probate court having jurisdiction under
6 this section may terminate a trust, in whole or in part, on application
7 therefor by the trustee, by any beneficiary entitled to income from the
8 trust, or by such beneficiary's legal representative, after reasonable
9 notice to all beneficiaries who are known and in being and who have
10 vested or contingent interests in the trust, and after holding a hearing,
11 if the court determines that all of the following apply: (1) The
12 continuation of the trust is (A) uneconomic when the costs of operating
13 the trust, probable income and other relevant factors are considered, or
14 (B) not in the best interest of the beneficiaries; (2) the termination of the

- 15 trust is equitable and practical; and (3) the current market value of the
16 trust does not exceed the sum of [forty] one hundred thousand dollars.

This act shall take effect as follows:	
Section 1	October 1, 2003

JUD *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note**State Impact:**

Agency Affected	Fund-Type	FY 04 \$	FY 05 \$
Probate Court	PCAF - Revenue Gain	Minimal	Minimal

Note: PCAF=Probate Court Administration Fund

Municipal Impact: None

Explanation

The bill authorizes a probate court to terminate a non-charitable trust valued at up to \$100,000 under certain circumstances. Current law authorizes the termination of such trusts up to \$40,000. It is estimated that out of almost 800 trust proceedings annually, less than 5% involve termination of trust issues. While it is anticipated that passage of the bill would result in an increase in these sorts of proceedings, the increase in revenue from court filing fees is expected to be minimal. There is a \$150 fee when filing a case with the probate court.

OLR Bill Analysis

sHB 5515

AN ACT CONCERNING THE TERMINATION OF SMALL TRUSTS

SUMMARY:

This bill authorizes a probate court to completely or partially terminate a noncharitable trust valued at up to \$100,000, instead of up to \$40,000, if it determines that (1) continuation is uneconomic when operating costs, probable income, and other relevant factors are considered; or continuation is not in the best interest of the beneficiaries; and (2) termination is equitable and practical. The court may do so only after notice to all beneficiaries and a hearing.

EFFECTIVE DATE: October 1, 2003

COMMITTEE ACTION

Judiciary Committee

Joint Favorable Substitute

Yea 40 Nay 0